

the United States and the liquidation and maintenance of blocked tangible property, and intellectual property protection for U.S. firms operating in the Federal Republic of Yugoslavia (Serbia and Montenegro). OFAC also instituted a mechanism for NGOs to continue to support humanitarian operations in Yugoslavia and administers a registration program for NGOs to route money and supplies there as appropriate.

Since June 9, 1998, U.S. banks and banks in the United States have reported to OFAC that they have blocked 877 transactions totaling \$20,361,767 pursuant to the sanctions. Most of the blockings were of funds transfers originating from, or destined for, Serbian banks.

4. The expenses incurred by the Federal Government in the 6-month period from June 9 through December 8, 1998, that are directly attributable to the declaration of a national emergency with respect to the Federal Republic of Yugoslavia (Serbia and Montenegro) and the Republic of Serbia in connection with the situation in Kosovo are estimated at approximately \$715,000, most of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in OFAC and its Chief Counsel's Office), the Department of State, and the National Security Council.

5. The situation reviewed above continues to present an extraordinary and unusual threat to the national security and foreign policy of the

United States. The declaration of the national emergency with respect to the Federal Republic of Yugoslavia (Serbia and Montenegro) and the Republic of Serbia contained in Executive Order 13088 was made in reaction to the unacceptable actions and policies of the Belgrade authorities in Kosovo, and continues to apply. The current situation in Kosovo is fragile and, as yet, unresolved. It is of particular importance that developments in Kosovo should not disrupt progress in implementing the Dayton peace agreement. This threat to the peace of the region constitutes an unusual and extraordinary threat to the national security of the United States.

With this in mind and in support of the United Nations Security Council Resolutions 1099 and 1203, I shall continue to exercise the powers at my disposal with respect to the measures against the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro), the Republic of Serbia, and the Republic of Montenegro, as long as these measures are appropriate, and will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).

Sincerely,

WILLIAM J. CLINTON

NOTE: Identical letters were sent to Newt Gingrich, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate.

Remarks on the Budget Surplus for Fiscal Year 1999

January 6, 1999

Thank you very much. Thank you, and good morning. Let me begin by saying that, for me, a primary purpose of this event is not only to formalize our budget projections for this coming year but just to thank all of you. I guess I ought to begin with John Podesta and the Vice President. I never dreamed when I asked John Podesta to be Chief of Staff that he would become the stand-up comic of the administration. [Laughter] Sort of seemed out of character, but I thought it was pretty good. And I could see a lot of you were reliving your holiday excruciating experiences.

One of the hardest jobs of the Vice President—he has to do all these very burdensome representations of the administration. He has to go places that I can't go, or don't want to go, and shoulder burdens I can't bear. And he just really—he went above and beyond the call by representing the administration at the Tennessee-Florida State football game. [Laughter] And I want to thank him for that enormous sacrifice. [Laughter]

I'd also like to thank the members of the economic team who have already been mentioned. We have had an extraordinary relationship over the last 6 years. It began before I

assumed office, with endless discussions and arguments about the finer points of what would be in the economic plan of 1993. It continued yesterday, with a 2-hour meeting about what is the appropriate thing to do with the crisis that the American steel industry faces now.

And in every meeting, we have what I consider to be examples of genuine patriotism because the people around the table are always working for what is in the best interest of the American people over the long run. And I want to thank all of you because, without you, none of these arguments would amount to anything, because you have to put flesh on the bones of the policies that we adopt. And I thank you for that.

Let me say that the preparation of a national budget, I think, sometimes does get lost in the agony of the numbers-crunching or the cleverness of finding one final way to solve one last problem. But we should never forget that there are human stories behind all these numbers. Because of the work that you have done, we literally have opened the doors of college education to all Americans, and you should never forget that. Because of the work that you have done in the balanced budget, we were able to provide the opportunity for another 5 million children to have health insurance, to figure out a way to make that big downpayment on the 100,000 teachers.

And for those who are skeptical, I would remind you that we are now going to finish, this year, our commitment of 1993 to 100,000 police officers, ahead of schedule and under budget, giving the United States the lowest crime rate in 25 years. So I thank you for all of that.

You heard the Vice President say that when we took office—well, actually, shortly before we took office—at Blair House, I got the final estimate of the budget deficit for the first year of my Presidency: \$290 billion. And I was told that, by this year, if I survived this long—and back in '93 I wondered, when I looked at those deficit numbers—that it would be over \$400 billion.

We then had some very difficult decisions to make, because we wanted to reduce the deficit and balance the budget; we wanted to bring interest rates down; we thought there was no way to get the American economy going again without doing so. But we knew that we had to invest in the future of America. And we also knew that we were in the middle of a 20-year

decline in the real earnings of average middle-class citizens. And we wanted to give particularly lower income working people with children a tax cut even in 1993, which we did by doubling the earned-income tax credit. So we had to put that very tough budget together.

The key was doing enough—figuring out enough to get interest rates down, because high interest rates were keeping entrepreneurs from starting new businesses or expanding them. They were discouraging young people from buying homes. They were, as has already been said, causing grave questions about the leadership the United States and the rest of the world. Our deficit had become a symbol of the inability of Government to play its essential role in American life.

So we put together our strategy based on fiscal discipline, investing in our people, and expanding American sales of products and services abroad. The results have been clear. There were a lot of dire predictions from the naysayers, and the budget passed by the narrowest of margins. But it began the process which led to the 1997 balanced budget, led to the second balanced budget we passed last year, and has now given us over 17 million new jobs and the lowest unemployment rate in 28 years, the lowest percentage of our people on the welfare rolls in 29 years, and the highest homeownership in history. All of you can be justly proud of the role you played in that.

Now, just 3 months ago we were able to announce, for the first time in three decades, a budget surplus. The surplus I announced that day, \$70 billion, was the largest in American history; as a share of our economy, the largest since the 1950's.

Today I am proud to announce that we can say the era of big deficits is over. We are now entering the second year of an era of surpluses. Our economists project that in 1999 we will close out this century with a surplus of not less than \$76 billion, the largest in the history of the United States. And I thank you for your role in that.

Now, the chart over here—Gene Sperling never wants me to get up here without charts, so here I am. *[Laughter]* The chart over here shows you the difference, starting in 1999, of the projections for this year, as compared with the reality. And the gap is all the money the American people have saved, the money that has gone back into the economy, the money

that has made it possible for interest rates to be lower and investment to be higher.

Just as exploding deficits were the symbol of a Government failing its people in the 1980's, these surpluses are a symbol of a Government that works in the 1990's and beyond, one that lives within its means, cuts wasteful spending, that still honors the values and the priorities of the American people: education, health care, the environment. It is the smallest Government in 35 years, by well over 300,000 fewer people than when we took office, but more prepared than ever to meet the challenges of the 21st century.

Deficit reduction has brought tangible benefits to millions of families. We saved the American people more than a trillion dollars on the national debt. More than 7 million new families have realized their dream of owning a home. Another 18 million families have refinanced their homes at lower mortgage rates, and I'd bet anything that includes some people in this room. For millions of Americans, the lowest—these low interest rates have amounted to a tax cut of tens of billions of dollars, putting in reach a family vacation, a new car, perhaps a college education.

So today, I wish we could say our job is done, in the midst of this celebration. At a time like this it would be easy just to do that, to call a halt to this meeting and to say go back to work and just figure out how to keep these numbers in line. But the truth is, all of you know we still have very large challenges as a country, challenges that this surplus gives us the opportunity to meet. We worked hard to bring fiscal discipline to produce this surplus. Like any family with long-term financial needs and a little more earnings than we expected, we can't go out and spend the surplus today; we have to plan for the future.

That is why I have said repeatedly, before we even consider new spending or tax cuts, first we must set this surplus aside until we save Social Security for the 21st century. We know that in about 30 years the Social Security Trust Fund will no longer be able to meet the retirement needs of our generation—mine, the baby boomers. No parent wants his retirement to be funded by his children. No parent in the baby boom generation wants our children to have to spend less on our grandchildren's education and upbringing because we failed to fix Social Security at this time.

So, therefore, I have said, and I will reiterate today: While there are many needs out there in this country—there's still investment needs in education, investment needs in research, investment needs in the environment, investment needs in other health care initiatives—while there are many arguments that can be made to give families further tax relief, particularly those coping with the burdens of raising their children and the cost of child care while going to work, first we must save Social Security for the 21st century, before we consider new spending or other tax cuts.

Some say that this task will be too complicated for the Congress and the administration to achieve, that the will is too weak, that the political system too divided. I do not agree with that. I heard that 6 years ago when I showed up here—the political system was weak and the parties were divided. And look at all that's happened in the last 6 years by a sustained, good-faith effort, not just with the budget but in the area of education, in the area of crime control, in the area of the environment, in the area of health care, in the area of promoting world peace, in the area of biomedical research, and so many other things.

We cannot use anything as an excuse not to deal with our most pressing priorities. I do not intend to do it. I do not think the American people expect us to do it, and I think that we will surprise the skeptics by dealing with the Social Security challenge over the next several months. You have given us the tools to do it, with this surplus. And when that happens, you can also take a full measure of pride in that achievement.

Now, let me also say to you that there are also a lot of other challenges, as I have said. We have to deal with the Medicare challenge; it's the same thing as the Social Security challenge, except that it will hit us sooner. We have to pass a Patients' Bill of Rights; we have to continue to fund our education commitments. But we can do all these things.

But believe me, at every single turn in the road, we'll have to figure out how to make the numbers add up, how to stay within our commitment to fiscal discipline, how to be as clever as we can in the use of our resources without going over the line and being so clever we endanger the fiscal responsibility, the low interest rates, the economic success that has brought us to this point.

We have to depend on you to keep that balance, to have that creative tension. I know you will do it. I hope you will think about this chart when you go home tonight. I hope that you will be proud of what you have done for your

country. And I hope you will know that we are very proud of you and very grateful.

Thank you very much, and happy New Year.

NOTE: The President spoke at 10:45 a.m. in Room 450 of the Old Executive Office Building.

Message to the Senate Transmitting the Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict *January 6, 1999*

To the Senate of the United States:

I transmit herewith, for the advice and consent of the Senate to ratification, the Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict (the Convention) and, for accession, the Hague Protocol, concluded on May 14, 1954, and entered into force on August 7, 1956. Also enclosed for the information of the Senate is the report of the Department of State on the Convention and the Hague Protocol.

I also wish to take this opportunity to reiterate my support for the prompt approval of Protocol II Additional to the Geneva Conventions of 12 August 1949, concluded at Geneva on June 10, 1977 (Protocol II). Protocol II, which deals with noninternational armed conflicts, or civil wars, was transmitted to the Senate for advice and consent to ratification in 1987 by President Reagan but has not been acted upon.

The Hague Convention

The Convention was signed by the United States on May 14, 1954, the same day it was concluded; however, it has not been submitted to the Senate for advice and consent to ratification until now.

The Hague Convention, to which more than 80 countries are party, elaborates on obligations contained in earlier treaties. It also establishes a regime for special protection of a highly limited category of cultural property. It provides both for preparations in peacetime for safeguarding cultural property against foreseeable effects of armed conflicts and also for respecting such property in time of war or military occupation. In conformity with the customary practice of nations, the protection of cultural property is not absolute. If cultural property is used for

military purposes, or in the event of imperative military necessity, the protection afforded by the Convention is waived, in accordance with the Convention's terms.

Further, the primary responsibility for the protection of cultural property rests with the party controlling that property, to ensure that the property is properly identified and that it is not used for an unlawful purpose.

The Hague Protocol, which was concluded on the same day as the Convention, but is a separate agreement, contains provisions intended to prevent the exportation of cultural property from occupied territory. It obligates an occupying power to prevent the exportation of cultural property from territory it occupies, requires each party to take into its custody cultural property exported contrary to the Protocol, and requires parties to return such cultural property at the close of hostilities. However, as described in the report of the Secretary of State, there are concerns about the acceptability of Section I of the Hague Protocol. I therefore recommend that at the time of accession, the United States exercise its right under Section III of the Hague Protocol to declare that it will not be bound by the provisions of Section I.

The United States signed the Convention on May 14, 1954. Since that time, it has been subject to detailed interagency reviews. Based on these reviews, I have concluded that the United States should now become a party to the Convention and to the Hague Protocol, subject to the understandings and declaration contained in the report of the Department of State.

United States military policy and the conduct of operations are entirely consistent with the Convention's provisions. In large measure, the practices required by the Convention to protect